Registered No 2197755

Companies House Copy

Manrose Manufacturing Limited

Report and Financial Statements

31 July 2010

Directors
S J Diamond
L F Rutter
K Sargeant

Secretary
S J Diamond

Auditors
Ernst & Young LLP
1 More London Place
London SE1 2AF

Registered Office
Fleming Way
Crawley
West Sussex RH10 9YX

Directors' report

The Directors present their report together with the financial statements for the year ended 31 July 2010

Results and dividends

The profit for the year after taxation amounted to £2,783,000 (2009 – profit of £1,630,000)

The Directors do not recommend payment of a dividend for the year ended 31 July 2010 (2009 – £2,000,000)

Principal activity and review of the business

The principal activity of the company is the design, manufacture and distribution of ventilation equipment

The company's key financial and other performance indicators during the year were as follows

	2010	*2009*	*Change*
	£000	*£000*	*%*
Turnover	20,708	16,421	26 1%
Operating profit	3,844	2,275	70 7%
EBITDA	4,162	2,640	57 7%
Average number of employees	205	196	4 6%

The company had a successful year gaining market share in the UK residential fan market which overall remained flat during the period

During the year the company focused on initiatives to improve margins by effectively dealing with the higher activity levels and as a result Operating Profit margins have improved

The company will continue to develop its existing activities and seek expansion opportunities to increase profitability both organically, through new products and new customers, and by acquisition

Research and development

The company carries out research and development programmes to suit its particular market, and customer needs

Principal risks and uncertainties

The Directors consider the principal risks and uncertainties facing the company to be broadly grouped as economic, exchange rates and financial instrument risk

Economic

In the UK demand for group products is influenced by both public and privately funded construction projects The UK construction market is in turn heavily influenced by prevailing macro economic conditions The company reviews its cost base and organisational structure on a regular basis

Exchange rates

Fluctuations in the exchange rate of sterling with other major currencies will impact both the revenue stream and purchase cost of some of the group's products The Company benchmarks revenues and direct expenditure denominated in foreign currency on a regular basis

Price risk

Risk that the value of a financial instrument will fluctuate as a result of changes in market prices The Directors consider this risk to relate to foreign exchange The risk to derivative financial instruments is minimal as the transacted rate and quantity of currency are fixed in advance Risk arising on short term trading financial instruments is mitigated by utilisation of surplus foreign exchange within the group of which the company is a member

Directors' report (continued)

Principal risks and uncertainties (continued)

Credit risk
Risk that one party to a financial instrument will fail to discharge their obligation and cause the other party to incur a financial loss In relation to derivative financial instruments the Directors believe this to be related to the counterparty the company transacts with This is typically a reputable high street bank and exposure is therefore minimal With regard to trading instruments the Directors believe credit risk relates to trade debtors, to mitigate against credit risk the company has developed strong credit control procedures and internal control mechanisms

Liquidity risk
Risk that an entity will encounter difficulty in raising funds to meet commitments associated with financial instruments To the best of the Directors' knowledge there are no foreseeable constraints in discharging obligations in relation to forward contracts Cash flow is regularly monitored using weekly and monthly reporting in addition to quarterly reforecast updates against the annual budget

Cash flow risk
Risk that future cash flows of a financial instrument will fluctuate The intention of using forward contracts is to minimise volatile cash flow resulting from exposure to foreign exchange risk As the rate and amounts are fixed, exposure is deemed minimal

Going concern

The Directors confirm, after making appropriate enquiries, they have a reasonable expectation the Company has adequate resources to continue in operational existence for the foreseeable future For this reason they continue to adopt the going concern basis in preparing the financial statements The Directors' responsibilities are set out on page 4 and should be read in conjunction with this statement

Directors

The Directors who served during the period were as follows

S J Diamond
L F Rutter
K Sargeant

Disclosure of information to the auditors

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware Having made enquiries of fellow Directors and the company's auditor, each director has taken all the steps that he/she is obliged to take as a director in order to make himself/herself aware of any relevant audit information and to establish that the auditor is aware of that information

Auditors

Ernst & Young LLP will remain as auditors to the Company by virtue of an elective resolution passed on 5 April 2004

By order of the Board

S J Diamond
Director

17 NOV 2010

Statement of Directors' responsibilities

The Directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year Under that law the Directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law) Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period In preparing these financial statements, the Directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006 They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities

Independent auditors' report

to the members of Manrose Manufacturing Limited

We have audited the financial statements of Manrose Manufacturing Limited for the year ended 31 July 2010 which comprise the Profit and Loss Account, the Statement of Total Recognised Gains and Losses, the Balance Sheet and the related notes 1 to 22 The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice)

This report is made solely to the company's members, as a body, in accordance with chapter 3 of part 16 of the Companies Act 2006 Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed

Respective responsibilities of Directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 4, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the Directors, and the overall presentation of the financial statements

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 July 2010 and of its profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements

Independent auditors' report

to the members of Manrose Manufacturing Limited

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us. or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of Directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit.

Ernst & Young LLP

Julie Carlyle (Senior statutory auditor)
For and on behalf of Ernst & Young LLP, (Statutory Auditor)
London

19 November 2010

Profit and loss account

for the year ended 31 July 2010

	Notes	2010 £000	2009 £000
Turnover	2	20,708	16.421
Cost of sales		(13,137)	(10,807)
Gross profit		7,571	5,614
Operating expenses	3	(3,727)	(3,339)
Operating profit	4	3,844	2,275
Interest receivable	8	39	2
Profit on ordinary activities before tax		3,883	2,277
Tax on profit on ordinary activities	9	(1,100)	(647)
Profit for the financial year	19	2,783	1,630

Statement of total recognised gains and losses

for the year ended 31 July 2010

There are no recognised gains or losses other than the profit attributable to the shareholders of the company of £2,783,000 in the year ended 31 July 2010 (2009 – profit of £1,630,000)

Balance sheet

at 31 July 2010

	Notes	2010 £000	2009 £000
Fixed assets			
Tangible assets	10	971	1 137
Investment in subsidiaries	11	–	–
		971	1,137
Current assets			
Stocks	12	1,886	1,030
Debtors	13	7,838	3,619
Cash		1,777	1 709
		11,501	6,358
Creditors: amounts falling due within one year	14	(5,092)	(3,128)
Net current assets		6,409	3,230
Total assets less current liabilities		7,380	4,367
Provisions for liabilities and charges	15	(780)	(550)
Net assets		6,600	3 817
Capital and reserves			
Called up equity share capital	18	10	10
Profit and loss account	19	6,590	3,807
Shareholders' funds	19	6,600	3,817

K Sargeant

Director

17 NOV 2010

S J Diamond

Director

17 NOV 2010

Notes to the financial statements

at 31 July 2010

1. Accounting policies

Accounting convention

The financial statements of Manrose Manufacturing Limited were approved for issue by the Board of Directors on 22 October 2010

The financial statements are prepared under the historical cost convention and in accordance with applicable accounting standards.

Basis of preparation

The company is exempt from the requirement to prepare Consolidated financial statements by virtue of section 401 of Companies Act 2006 These financial statements therefore present information about the company as an individual undertaking

Statement of cash flows

Under Financial Reporting Standard 1 (Revised) the company is exempt from the requirement to prepare a statement of cash flows on the grounds that the ultimate parent undertaking includes the company in its own publicly available consolidated financial statements

Depreciation

Depreciation is provided on all tangible fixed assets, at rates estimated to write off the cost, less estimated residual value, of each asset evenly over its expected useful life, as follows

Leasehold buildings	–	over length of lease
Plant and machinery	–	3 to 10 years
Fixtures, fittings, tools, equipment and vehicles	–	5 to 10 years

The carrying values of tangible fixed assets are reviewed for impairment if events or changes in circumstances indicate the carrying value may not be fully recoverable

Investments

Investments are included in the balance sheet at cost less amounts written off

The carrying values of investments in subsidiaries are reviewed for impairment if events or changes in circumstances indicate the carrying value may not be fully recoverable

Research and development

Research and development expenditure, other than that re-chargeable to third parties, is written off as incurred

Stocks

Stocks are valued at the lower of cost and net realisable value In the case of finished goods, includes the relevant proportion of overheads

Revenue recognition

Revenue is recognised to the extent that the company obtains the right to consideration in exchange for its performance Revenue is measured at the fair value of the consideration received, excluding discounts, rebates, VAT and other sales taxes or duty. The following criteria must also be met before revenue is recognised

Sale of goods

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer, usually on dispatch of the goods

Notes to the financial statements (continued)

at 31 July 2010

1. Accounting policies (continued)

Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or right to pay less or to receive tax, with the following exceptions

- Provision is made for deferred tax that would arise on remittance of the retained earnings of subsidiaries, associates and joint ventures only to the extent that, at the balance sheet date, dividends have been accrued as receivable
- Deferred tax assets are recognised only to the extent that the Directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date

Foreign currencies

Transactions denominated in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the exchange rates ruling at the balance sheet date Exchange differences arising in the ordinary course of business are included in the profit and loss account

Pension costs

The cost of providing defined contribution retirement pensions for employees charged in the profit and loss account represents the amounts payable by the Company for the financial year

Lease commitments

Rentals payable under operating leases are charged in the profit and loss account on a straight line basis over the lease term Provision is made for the cost of reinstatement work on leased properties where there is an obligation under the lease, and the costs can be reasonably estimated

Provisions for liabilities

A provision is recognised when the company has a legal or constructive obligation as a result of a past event and it is probable that an outflow of economic benefits will be required to settle the obligation

2 Turnover

Turnover, which comprises a single continuing class of activity, represents the net amount invoiced to customers, excluding value added tax and excluding sales of fixed assets The analysis of turnover by geographical area is as follows

	2010	*2009*
	£000	*£000*
UK	18,515	14,486
Overseas	2,193	1,935
	20,708	16,421

Notes to the financial statements (continued)

at 31 July 2010

3. Operating expenses

	2010 £000	2009 £000
Dıstrıbutıon costs	2,121	1,978
Admınıstratıve expenses	1,606	1 361
	3,727	3,339

4. Operating profit

Thıs ıs stated after chargıng

	2010 £000	2009 £000
Depreciatıon of tangıble fixed assets	318	365
Operatıng lease rentals – land and buıldıngs	505	505
– plant and machınery	9	9
Audıtors' remuneratıon – audıt servıces	16	16
Research and development expendıture	77	83

5. Directors' emoluments

No emoluments were paıd or are payable to the Dırectors ın theır capacıty as Dırectors of the Company (2009 – Nıl) The Dırectors are also Dırectors of the group's parent undertakıng, Volutıon Group Lımıted and receıve emoluments from Volutıon Holdıng Lımıted ın respect of servıces to the group It ıs not possıble to ıdentıfy the proportıon of these emoluments that relate to servıces to thıs company

6. Staff costs

	2010 £000	2009 £000
Wages and salarıes	3,725	3,380
Socıal securıty costs	338	307
Other pensıon costs	32	30
	4,095	3.717

Notes to the financial statements (continued)

at 31 July 2010

6. Staff costs (continued)

The monthly average number of employees during the financial year was as follows

	2010	*2009*
	No	*No*
Production	138	131
Sales and administration	67	65
	205	196

7. Pensions

The Company's employees who have elected to receive pension benefits are members of a defined contribution pension scheme operated by the Company, or a defined contribution scheme operated by Volution Limited, a group company Under each scheme contribution rates paid by the Company are fixed dependent upon the member's age and length of service

8. Interest receivable

	2010	*2009*
	£000	*£000*
Interest receivable on loan to group undertaking	36	–
Bank interest receivable	3	2
	39	2

9. Tax

(a) Tax on profits on ordinary activities

	2010	*2009*
	£000	*£000*
Current tax		
UK corporation tax on the profit for the year	1,122	671
Adjustments in respect of prior years	–	(5)
Total current tax (note 9(b))	1,122	666
Deferred tax		
Origination and reversal of timing differences	(22)	(19)
Total deferred tax (note 9(c))	(22)	(19)
Total tax charge for the year (note 9(b))	1,100	647

Notes to the financial statements (continued)

at 31 July 2010

9. Tax (continued)

(b) Factors affecting current tax charge for the year

The tax assessed for the year differs from the standard rate of corporation tax in the UK of 28% (2009 – 28%) The differences are explained below

	2010 *£000*	*2009* *£000*
Profit on ordinary activities before tax	3,883	2,277
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 28% (2009 – 28%)	1,087	637
Effects of		
Expenses not deductible for tax purposes	14	4
Capital allowances in arrears of depreciation	21	30
Adjustments in respect of prior periods	–	(5)
Current tax charge for the year (note 9(a))	1,122	666

(c) Deferred tax asset

At 31 July 2010 and 2009	(72)	(53)
Deferred tax charge in profit and loss account	(22)	(19)
At 31 July 2010 and 2009	(94)	(72)
Consisting of		
Depreciation in advance of capital allowances	(94)	(72)
Deferred tax asset (note 13)	(94)	(72)

Notes to the financial statements (continued)

at 31 July 2010

10. Tangible fixed assets

	Leasehold land and buildings £000	*Plant and machinery £000*	*Fixtures, fittings, tools, equipment and vehicles £000*	*Total £000*
Cost				
At 31 July 2009	561	4,377	310	5,248
Additions	–	91	75	166
Disposals	–	–	(67)	(67)
At 31 July 2010	561	4,468	318	5.347
Depreciation				
At 31 July 2009	(78)	(3,831)	(202)	(4,111)
Charge for the year	(38)	(242)	(38)	(318)
Disposals	–	–	53	53
At 31 July 2010	(116)	(4,073)	(187)	(4,376)
Net book value				
At 31 July 2010	445	395	131	971
At 31 July 2009	483	546	108	1,137

11. Investments

Cost

	2010 £	*2009 £*
At 1 August	100	100

Investments represent interests in the following subsidiary companies

Company	*Proportion of shares held*	*Nature of business*
Willow Plastics Limited	100%	Dormant

Notes to the financial statements (continued)

at 31 July 2010

12. Stocks

	2010	*2009*
	£000	*£000*
Raw materials and consumables	1,161	490
Finished goods and goods for resale	725	540
	1,886	1,030

The difference between the estimated replacement cost of stocks and the purchase price or production cost is not material

13. Debtors

	2010	*2009*
	£000	*£000*
Trade debtors	4,330	3.265
Amounts owed by other group undertakings	–	117
Amounts owed by parent undertaking	3,236	–
Prepayments and accrued income	178	165
Deferred tax (note 9(c))	94	72
	7.838	3,619
Amounts falling due in more than one year		
Amounts owed by parent undertaking	3.236	–

Amounts owed by parent undertakings represent a loan to Darwin Mezzanine Limited. There is no fixed date for repayment and interest is receivable at 6% per annum compounded half-yearly on 31 Jan and 31 Jul

14. Creditors: amounts falling due within one year

	2010	*2009*
	£000	*£000*
Trade creditors	2 076	972
Amounts owed to group undertakings	1,192	666
Other creditors	1,595	1,194
Taxes and social security	229	296
	5,092	3,128

Notes to the financial statements (continued)

at 31 July 2010

15. Provisions for liabilities

	Property dilapidations £000	Service guarantees £000	Total £000
At 1 August 2009	550	–	550
Charged	–	230	230
Utilised	–	–	–
At 31 July 2010	550	230	780

Property dilapidations

A provision has been recognised for dilapidations relating to obligations under a lease for a leasehold building which will be payable at the end of the lease term

Service guarantees

A provision is recognised for expected service guarantees on products sold during the year

16. Capital commitments

	2010 £000	2009 £000
Amounts contracted	101	7

17. Obligations under operating leases

At 31 July 2010, the company had annual commitments as follows

	Land and buildings		Other	
	2010 £000	2009 £000	2010 £000	2009 £000
Leases expiring				
Within one year	–	–	4	–
Within two to five years	–	–	–	4
After 5 years	505	505	4	4
	505	505	8	8

18. Issued share capital

Allotted, called up and fully paid	No	2010 £000	No	2009 £000
Ordinary shares of £1 each	10,000	10	10,000	10

Notes to the financial statements (continued)

at 31 July 2010

19. Reconciliation of shareholders' funds and movement on reserves

	Ordinary share capital £000	*Profit and loss account £000*	*Total share-holders' fund £000*
At 30 June 2008	10	4,177	4,187
Profit for the year	–	1,630	1,630
Dividends paid			
At 31 July 2009	10	3,807	3,817
Profit for the year	–	2,783	2,783
At 31 July 2010	10	6,590	6,600

20. Contingent liabilities

The company guarantees bank loans of £58,753,000 (2009 – £69,618,000) held by Darwin Mezzanine Limited with Royal Bank of Scotland plc on a joint and several basis with other group undertakings The company also acts as a chargor for this secured bank funding and, as such, is subject to a fixed and floating charge over its assets

21. Related party transactions

The Company has taken advantage of the exemption available under FRS 8 not to disclose transactions with other members of the Volution Group Limited group, as over 100% of voting rights are controlled within the group and group financial statements in which the company is consolidated are publicly available

22. Parent undertaking and controlling party

The company's immediate parent undertaking is Darwin Mezzanine Limited The parent undertaking of the smallest and largest group of undertakings for which group financial statements are drawn up and of which the Company is a member, is Volution Group Limited Copies of the consolidated financial statements of Volution Group Limited are available from the Company Secretary at Fleming Way, Crawley, West Sussex RH10 9YX

The group's immediate parent undertaking is the AAC UK Buy Out Fund LP, which is a limited partnership fund registered in England

The majority investor in this fund is AAC Capital NEBO Fund 1 LP which is a limited partnership registered in Scotland

AAC Capital Partners (Guernsey) Limited (the general partner of AAC UK Buy Out Fund LP) is regarded as the direct controlling party of the Company and AAC Capital Partners Holding BV (incorporated in the Netherlands) is regarded as the ultimate controlling party of the Company

The financial statements of Volution Group are not consolidated into the financial statements of any other entity